

**ICTHM 2023****International Conference in Technology, Humanities and Management****GUILDS IN MEDIEVAL EAST AND THE OTHER SIDE OF THE  
MEDALLION**

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**Abstract**

The medieval period is a very interesting period for business literature. European communities living in their dark economic age, an agrarian and decentralized geography where trade and wealth are almost non-existent, and on the other hand, the wealth of the eastern communities and the development of medieval trade, which is mostly ignored by orientalist and European historians. In this comparative study, the guild systems, namely, trade unions ensuring quality standards and sense of community for local traders that led to the progress of the trade of both Ottoman and Nusantra, two advanced civilizations in the medieval period, have been examined in details. Indonesia's strategic geographical location shaped its economic history as a hub for trade and industry. On the other hand, the Ottoman abolished restrictive rules, allowing for the flourishing of tradesmen and craftsmen during the period. This symbiotic relationship between geography, government policies, and economic growth showcases Indonesia's vibrant economic history.

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## 1. Introduction

Although, industrialization is a rather new development contributing to the creation of modern management literature, for many civilizations trading has started much earlier than industrial revolution (Wren & Bedeian, 2020). Nonetheless, even in medieval times, we can come across traces of trading and structural management practices. One of the prominent empires of this era was the Ottoman Empire, which emerged in the 13th century and lasted until the early 20th century (Jones, 2016). Known for its military prowess, sophisticated bureaucracy, and contributions to art, architecture, and literature (Davis, 2017). However, medieval era was considered as a dark period in terms of trade, culture and science. While this period was a period dominated by domestic production for Catholic Central Europe, where trade almost stopped and the Catholic Powers were directing the people to agriculture and animal husbandry, many civilizations in the east were enjoying richness and welfare both culturally and commercially. On the other hand, in the same time period, the medieval ages of Southeast Asia, especially Indonesia, was marked by the heyday of the Majapahit Kingdom with power of territory Nusantara (Archipelago). In other words, darkness was dark only for central Europe. In the same period, things were quite different in the eastern part of the World.

## 2. Medieval Period of Ottoman

The Ottoman Empire was known for its military prowess, sophisticated bureaucracy, and contributions to art, architecture, and literature. Economically, the Ottoman Empire was largely agrarian, but trade and commerce also played a significant role. The empire was strategically located at the crossroads of major trade routes and facilitated trade and economic exchanges. Politically, the Ottoman Empire experienced a process of centralization of power, with the sultan holding absolute authority and a well-organized bureaucracy supporting the administration (Inalcik, 2013). It was also an Islamic state, with the sultan being the defender of the faith and implementing religious and social policies based on Sunni Islam (Inalcik, 2013).

In the medieval Ottoman, most of the population was engaged in agricultural production, and the land was the primary source of wealth and power. Trade and commerce also played a significant role in the economy of the Ottoman Empire. The Ottoman Empire had a favourable geographic position for trade, with access to important trade routes, such as the Silk Road, and control over crucial ports in the Mediterranean, Black Sea, and the Red Sea. Central state was very powerful in Ottoman and regulated trade and the empire had a well-developed system of trade fairs, markets, and bazaars.

Due to its location, it has been at the center of long-distance trade routes and has socially embodied many different cultures. The basic economic elements of the Ottoman Empire are examined under three headings: land management and agricultural policies, production and trade policies, and monetary and fiscal policies. When evaluated in terms of the impact of the Ottoman Empire on agricultural policies, it is seen that guild lands affect the majority of production (Uzun & Afşar, 2019).

### **3. Guild System in Medieval Ottoman Empire**

The Ottoman Empire's guild system was an essential component of the economy and society in the pre-modern era. Guilds were associations of artisans and traders who worked together to regulate their respective crafts and trades. The guild system in the Ottoman Empire had a long history, dating back to the early days of the empire. The basic unit of agriculture in the Ottoman Empire; peasant households. The households continued production with the right of use they obtained on the miri lands and paid the taxes determined to the state (Uzun & Afşar, 2019). One of the most important problems of agriculture-based societies is supplying an army with this income by taking agricultural production from the producers. The timar system is the Ottoman Empire's solution for this problem (Pamuk, 2017).

Grooming: It is the name given to the dirliks, which are the livelihoods of the sipahis raised by the reaya who are interested in agriculture, and it is the system that the state allocates to the soldiers it trains without allocating wages or salaries (Berkes, 1972). From an economic point of view, the main purpose of the timar system is to provide the state with financial power (Berkes, 1972) and continuity in production. Another importance of the timar system is that it provides the livelihood and security of the villagers. The peasant, who is not landless and homeless, and lives in security, is attached to the state and the sultan with a higher loyalty. This loyalty prevented the European feudal order from forming in the Ottoman Empire. In this respect, the timar system has a great administrative and political importance (Kodoman, 2007).

Production in the Ottoman Empire has been in craft production through the Ahi system and guilds since its foundation (Uzun & Afşar, 2019). Ahis, after transition to settled life and urbanism in the Seljuk period has had a positive impact on Craftsmen ahis, were organized in separate guilds (Turan, 2007). The organizational structure of the guilds, which is the basis of today's vocational education approach, is based on the master-apprentice relationship (Pamuk, 2017). The ahis, who are masters of the same craft, have chosen one of the masters as "kethüda" to apply the rules of the guild, manage the relations with the state and protect the interests of the guild members (Uzun & Afşar, 2019). Guilds generally regulated production activities such as controlling production, obtaining raw materials cheaply, and distributing them fairly among guild members.

The Ottoman Empire guilds have faced challenges from both internal and external factors. Internally, the guilds faced challenges from the emergence of new technologies and the changing demands of consumers. Externally, they faced increasing competition from European traders and manufacturers. These challenges ultimately led to the decline of the guild system in the Ottoman Empire in the 19th century.

### **4. The Medieval Period in Nusantara**

In historical records, the Majapahit Kingdom was considered one of the largest empires with a territory covering almost the entire Nusantara. The Majapahit Kingdom was founded by a King Raden Wijaya in 1293 AD and collapsed in 1527 (Akbar, 2015). The heyday of the Majapahit Kingdom took place when it was led by a King Hayam Wuruk from 1350 to 1389 AD. In the social life of the people, the Majapahit kingdom recognized the caste system as Hindu in India (Rozi & Taufik, 2020) and the

government system was based on tribal administration which covers a limited area. The implemented law was more customary that had existed since ancient times than religious law. The power in the kingdom was territorial and decentralized, supported by a detailed bureaucracy. The King of Majapahit was considered the incarnation of the supreme god, thus having the highest political authority as a ruler. Thus, a king was assisted by bureaucratic officials.

In the Middle Ages of the political and dark economic life of the Nusantara society, poverty was never be a problem. Most of the Nusantara's land was very fertile, in contrast to Europe. Apart from that having a tropical climate was very important for developing livestock. In developing the kingdom's economy, the Majapahit Kingdom conducted neighbouring politics with foreign kingdoms. The political system of the Majapahit was categorized well organized. It established relations with other kingdoms outside of the Nusantara, such as the kingdoms of China, Champa, Siam, and Cambodia (Hall, 2010). It was evidenced by several sources which state that in 1370 to 1381, the Majapahit kingdom sent several friendly envoys to the kingdoms in China.

The Majapahit economic life was researched by contents of inscriptions. In the inscriptions it was stated that the people of Nusantara in Majapahit Kingdom knew their jobs as gold craftsmen, drink sellers, butchers, and silver craftsmen (Poesponegoro & Notosusanto, 1993). Obviously, people's lives in the economic field had progressed towards advance, where the occupation had begun to vary, not just relying on agriculture. The number of people who have occupations outside of agriculture was increasing. Furthermore, during the reign of King Hayam Wuruk, he endeavoured to increase the welfare of his people by building dams, waterways, and open new agricultural land.

Based on history recorded by Wang Ta-Yuan (a Chinese trader), he stated that exported commodities on the island of Java during the Majapahit kingdom included cloth, salt, pepper, and parrots (Hall, 2010). While the types of imported goods included gold, silver, pearls, silk, silver, iron, and ceramics. In addition, the Majapahit Kingdom also marketed its commodities, such as pepper, ivory, tin, rice, iron, diamonds, fish, cloves, nutmeg, cotton, and sandalwood. These goods were sold to several countries, namely China, Ayodya (Siam), Champa, and Cambodia.

## **5. Guild System in Medieval Nusantra**

The emergence of contacts with international trade through foreign partners who came to trade also played an important role in India's development in the form of the arrival of traders from India, China, Arabia, and Europe who joined in exploring spices (Hall, 2010). Thus, the European Union, especially the Netherlands, formed the Netherland East India Company or Vereenigde Oost Indische Compagnie (VOC) as a guild that manages the trading business of spice commodities and the cultivation of export-based plant commodities in the Nusantara, especially India. This organization also succeeded in competing with the Portuguese and British trade unions that had been formed before the VOC was founded. Starting from the arrangement of the land system during the Sriwijaya kingdom (693-1400) it was known as the Simbur Cahaya book of laws which was a relic of the law book of the era of the Srivijaya kings (Wolters, 1967). The principle of ownership of land rights, the king was considered as the owner, while the people as cultivators who must pay tribute to the king as the owner. At the beginning of the 17th century, the VOC or Netherland East India Company in its development became one of the

strongest and most influential companies in the Nusantara, not only for business purposes and solely making profits. But also, as a tool of the Government of Netherlands to dominate the Nusantara (Makfi, 2019). During the Dutch occupation in Indonesia, implemented a policy called the forced cultivation system forcing people to plant part of their rice fields and/or fields with crops determined by the government and the yields are handed over to the government. This forced cultivation system is also called *Cultuurstelsel* (Makfi, 2019). The forced cultivation system obliges every village in Indonesia to set aside 20 percent of their land for planting export commodities, particularly coffee, tea, and *tilapia*. *Cultuurstelsel* plants were tax free, the land used for cultivation was exempt from tax, because the crop yields were considered part of the tax payment itself. The government was fully responsible for crop failure. If crops grown on cultural soil experience crop failure due to a natural disaster, the loss would be fully borne by the Dutch government. In the 17th century, a process began in which feudal peasant life began to be bound by a life in which work was no longer associated with owned land, but with a profit-making institution—in this case the Dutch East Indies government and the plantation companies belonging to the Kingdom of the Netherlands.

## 6. Conclusion

In Ottoman Empire, the guild system was a significant component of the Ottoman Empire's economy and society. The state highly regulated the system and played a role in regulating the quality and price of goods. The guilds were also important social institutions, providing individuals a sense of community and identity. However, the guild system faced several challenges over time, ultimately leading to its decline in the 19th century. Actually, A guild is a union of craftsmen or merchants formed to bring together their business or trade activities in certain areas (Gelderblom & Grafe, 2010). Guilds organize much like professional associations, trade unions, cartels, and secret societies. The existence of a guild often depended on a letter patent granted by the monarch or other head of government to the guild concerned as written permission to understand and control certain business activities for the benefit of its members, to maintain ownership of the means of work, and to ensure the smooth supply of raw materials (Epstein & Prak, 2008). In terms of fighting conditions in the Nusantara, the guild system is not found in its history. Bearing in mind, Indonesia's economic history was formed on its geographical location which lies between the crosses of the world's oceans and continents (Ricklefs, 1993).

Different from the Ottoman empire, The Majapahit kingdom was territorial and decentralized, supported by a detailed bureaucracy. Trade and agriculture were two things that could boost the economy of the Majapahit Kingdom. In surviving the dark economics life, the Majapahit also built various infrastructures to facilitate the trading process, such as roads, river traffic, bridge, and ports (Kubontubuh & Martokusumo, 2020).

As in the case in the Ottoman empire, in the medieval period, the life of the Nusantara people was prosperous. The progress of dark economic life in the Majapahit kingdom was reflected in the currency that had been used. The type of currency that was successfully made by mixture of silver, tin, lead and copper (Kubontubuh & Martokusumo, 2020). In medieval period, Vereenigde Oost Indische Compagnie (VOC), a Dutch trading partnership which later developed and monopolized trade in the Nusantara as Asian region. In fact, this guild organization could rival the Portuguese and British trade unions that had

been formed before the VOC was founded (Setyaningrum et al., 2022). But behind its success, the VOC wrote a dark history for the Indonesian nation with its trade monopoly, until it was finally driven away by the presence of the Japanese army (Prina et al., 2021). In the mid-19th century, there was a change in the Netherlands, namely the strengthening of private trading capital -- after transforming the absolute monarchy into a parliamentary monarchy in a capitalist system -- there were also changes in the Nusantara/Dutch East Indies. This change in capitalism also demands a change in the method of exploitation and the political system: from state interference, especially to monopoly of production, trade, and finance.

The forced cultivation system was officially abolished in 1870 based on provisions in the Agrarian Law. Modern movements to fight oppression are starting to become known: organizations are starting to become known, especially after the revolutionary parties in the Netherlands committed to liberating colonial lands (Nailufar, 2021). Along with this the people began to build resistance (rebellion). The most obvious impact of the existence of plantation capitalism and the existence of education, the resistance of the Indonesian people, which was only local, not modern organized, and without ideology has changed qualitatively and quantitatively.

On the one hand, in ottoman case, if we summarize the factors that prepared the emergence of the guilds in Anatolia, we can list them as follows. To find jobs easily for many artisans coming from the big and civilized Turkish cities in Asia, to compete with the local Byzantine artisans, to maintain the quality of the goods they make, to adjust the production according to the needs, to establish the artistic morality of the artisans, to make the dark economy of Turkish people become independent, To help those who own it in every field, to fight alongside the state armed forces in foreign attacks to the country, to create and maintain the consciousness of Turkishness, national excitement in art, language, literature, music, traditions and customs (Aksoy, 2020). After the proclamation of the Tanzimat and the signing of trade agreements with foreign states, it was understood that the long-standing monopoly rule was harmful to the development of art and trade, and since the development of trade and industry was required and desired, the government did not see any benefit in maintaining the breach and monopoly rule, and it was abolished. Until the 18th century, tradesmen and craftsmen lived their golden age in the Ottoman period. After the collapse of the Ottoman Empire, Ahism took its share and gradually became corrupt. As a result, the guilds gradually deteriorated and become non-existent.

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